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**Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

**2012**

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

For calendar year 2012 or other tax year beginning \_\_\_\_\_, and  
ending \_\_\_\_\_ See separate instructions.

<b>A</b> <input type="checkbox"/> Check box if address changed <b>B</b> Exempt under section <input checked="" type="checkbox"/> 501 ( C ) ( 3 ) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	<b>Print or Type</b>	Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions ) <b>RAY OF HOPE COMMUNITY CHURCH</b>	<b>D</b> Employer identification number (Employees' trust, see instructions)  62-1721749
		Number, street, and room or suite no. If a P O box, see instructions <b>901 MERIDIAN STREET</b>	
		City or town, state, and ZIP code <b>NASHVILLE TN 37207</b>	

**C** Book value of all assets at end of year **1,188,708**

**F** Group exemption number (see instructions) \_\_\_\_\_

**G** Check organization type  501(c) corporation  501(c) trust  401(a) trust  Other trust

**H** Describe the organization's primary unrelated business activity **RESIDENTIAL RENTAL PROPERTY**

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  Yes  No  
If "Yes," enter the name and identifying number of the parent corporation. \_\_\_\_\_

**J** The books are in care of **LAWHORN & COMPANY INTERNATIONAL, INC** Telephone number **423-473-9300**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a	Gross receipts or sales			
b	Less returns and allowances			
c	Balance	0		
2	Cost of goods sold (Schedule A, line 7)			
3	Gross profit Subtract line 2 from line 1c	0		0
4 a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)	38,327	49,840	-11,513
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)			
12	Other income (see instructions, attach statement)			
13	<b>Total.</b> Combine lines 3 through 12	38,327	49,840	-11,513

Part II Deductions Not Taken Elsewhere (see instructions for limitations on deductions) (except for contributions, deductions must be directly connected with the unrelated business income)					
14	Compensation of officers, directors, and trustees (Schedule K)			14	
15	Salaries and wages			15	
16	Repairs and maintenance			16	
17	Bad debts			17	
18	Interest (attach statement)			18	
19	Taxes and licenses			19	
20	Charitable contributions (see instructions for limitation rules)			20	
21	Depreciation (attach Form 4562)	17,805			
22	Less depreciation claimed on Schedule A and elsewhere on return		17,805	22b	
23	Depletion			23	
24	Contributions to deferred compensation plans			24	
25	Employee benefit programs			25	
26	Excess exempt expenses (Schedule I)			26	
27	Excess readership costs (Schedule J)			27	
28	Other deductions (attach statement)			28	
29	<b>Total deductions.</b> Add lines 14 through 28			29	0
30	Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13			30	-11,513
31	Net operating loss deduction (limited to the amount on line 30)			31	
32	Unrelated business taxable income before specific deduction Subtract line 31 from line 30			32	-11,513
33	Specific deduction (generally \$1,000, but see line 33 instructions for exceptions)			33	
34	<b>Unrelated business taxable income.</b> Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			34	-11,513

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**Part III Tax Computation**

<b>35 Organizations taxable as corporations</b> (see instructions for tax computation) Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and		
<b>a</b> Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order)		
(1) \$	(2) \$	(3) \$
<b>b</b> Enter organization's share of (1) Additional 5% tax (not more than \$11,750)	\$	
(2) Additional 3% tax (not more than \$100,000)	\$	
<b>c</b> Income tax on the amount on line 34		<b>35c</b>
<b>36 Trusts taxable at trust rates.</b> (see instructions for tax computation) Income tax on the amount on line 34 from <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)		<b>36</b>
<b>37 Proxy tax</b> (see instructions)		<b>37</b>
<b>38 Alternative minimum tax</b>		<b>38</b>
<b>39 Total.</b> Add lines 37 and 38 to line 35c or 36, whichever applies		<b>39</b> 0

**Part IV Tax and Payments**

<b>40 a</b> Foreign tax credit (corporations attach Form 1118, trusts attach Form 1116)	<b>40a</b>		
<b>b</b> Other credits (see instructions)	<b>40b</b>		
<b>c</b> General business credit Attach Form 3800 (see instructions)	<b>40c</b>		
<b>d</b> Credit for prior year minimum tax (attach Form 8801 or 8827)	<b>40d</b>		
<b>e Total credits.</b> Add lines 40a through 40d		<b>40e</b>	0
<b>41</b> Subtract line 40e from line 39		<b>41</b>	0
<b>42</b> Other taxes Check if from <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach statement)		<b>42</b>	
<b>43 Total tax.</b> Add lines 41 and 42		<b>43</b>	0
<b>44 a</b> Payments A 2011 overpayment credited to 2012	<b>44a</b>		
<b>b</b> 2012 estimated tax payments	<b>44b</b>		
<b>c</b> Tax deposited with Form 8868	<b>44c</b>		
<b>d</b> Foreign organizations Tax paid or withheld at source (see instructions)	<b>44d</b>		
<b>e</b> Backup withholding (see instructions)	<b>44e</b>		
<b>f</b> Credit for small employer health insurance premiums (Attach Form 8941)	<b>44f</b>	2,154	
<b>g</b> Other credits and payments <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	<b>44g</b>	0	
<b>45 Total payments.</b> Add lines 44a through 44g		<b>45</b>	2,154
<b>46</b> Estimated tax penalty (see instructions) Check if Form 2220 is attached <input type="checkbox"/>		<b>46</b>	
<b>47 Tax due.</b> If line 45 is less than the total of lines 43 and 46, enter amount owed		<b>47</b>	0
<b>48 Overpayment.</b> If line 45 is larger than the total of lines 43 and 46, enter amount overpaid		<b>48</b>	2,154
<b>49</b> Enter the amount of line 48 you want <b>Credited to 2013 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>		<b>49</b>	2,154

**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

<b>1</b> At any time during the 2012 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here	Yes	No
<b>2</b> During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file		
<b>3</b> Enter the amount of tax-exempt interest received or accrued during the tax year \$		

**Schedule A—Cost of Goods Sold.** Enter method of inventory valuation

<b>1</b> Inventory at beginning of year	<b>1</b>			<b>6</b> Inventory at end of year	<b>6</b>		
<b>2</b> Purchases	<b>2</b>			<b>7</b> Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	<b>7</b>		0
<b>3</b> Cost of labor	<b>3</b>			<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?		Yes	No
<b>4 a</b> Additional section 263A costs (attach statement)	<b>4a</b>						
<b>b</b> Other costs (attach statement)	<b>4b</b>						
<b>5 Total.</b> Add lines 1 through 4b	<b>5</b>		0				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer: *Martin L. Espinosa* Date: *4/9/13* Title: *Senior Pastor*

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	KEN LAWHORN	<i>Ken Lawhorn</i>	3/27/2013		P01080682
	Firm's name	LAWHORN & COMPANY INTERNATIONAL INC		Firm's EIN	62-1784951
	Firm's address	PO BOX 4938, CLEVELAND, TN 37320-4938		Phone no	423-473-9300

**Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)**

(see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach statement)
(1)		
(2)		
(3)		
(4)		
<b>Total</b>	0	<b>Total</b> 0

(c) **Total income.** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶

(b) **Total deductions.** Enter here and on page 1, Part I, line 6, column (B) ▶ 0

**Schedule E—Unrelated Debt-Financed Income** (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach statement)	(b) Other deductions (attach statement)
(1) MERIDIAN ST , VAUGHN ST , CLEVELAND ST	38,327	17,805	32,035
(2)			
(3)			
(4)			

4. Amount of average acquisition debt on or allocable to debt-financed property (attach statement)	5. Average adjusted basis of or allocable to debt-financed property (attach statement)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 × column 6)	8. Allocable deductions (column 6 × total of columns 3(a) and 3(b))
(1) 187,406	178,020	100%	38,327	49,840
(2)		%	0	0
(3)		%	0	0
(4)		%	0	0

**Totals** ▶ Enter here and on page 1, Part I, line 7, column (A) 38,327 ▶ Enter here and on page 1, Part I, line 7, column (B) 49,840

**Total dividends-received deductions** included in column 8 ▶

**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

**Nonexempt Controlled Organizations**

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

**Totals** ▶ Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A) 0 ▶ Add columns 6 and 11 Enter here and on page 1, Part I, line 8, column (B) 0

**Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach statement)	4. Set-asides (attach statement)	5. Total deductions and set-asides (col 3 plus col 4)
(1)				0
(2)				0
(3)				0
(4)				0
<b>Totals</b>	Enter here and on page 1, Part I, line 9, column (A) 0			Enter here and on page 1, Part I, line 9, column (B) 0

**Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)			0			0
(2)			0			0
(3)			0			0
(4)			0			0
<b>Totals</b>	Enter here and on page 1, Part I, line 10, col (A) 0	Enter here and on page 1, Part I, line 10, col (B) 0				Enter here and on page 1, Part II, line 26 0

**Schedule J—Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b>	0	0	0	0	0	0

**Part II Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)			0			0
(2)			0			0
(3)			0			0
(4)			0			0
<b>(5) Totals from Part I</b>	0	0				0
<b>Totals, Part II (lines 1-5)</b>	Enter here and on page 1, Part I, line 11, col (A) 0	Enter here and on page 1, Part I, line 11, col (B) 0				Enter here and on page 1, Part II, line 27 0

**Schedule K—Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total. Enter here and on page 1, Part II, line 14</b>			0

## Depreciation and Amortization (Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service (99)

▶ See separate instructions.      ▶ Attach to your tax return.

Attachment  
Sequence No **179**

Name(s) shown on return <b>RAY OF HOPE COMMUNITY CHURCH</b>	Business or activity to which this form relates <b>1120</b>	Identifying number <b>62-1721749</b>
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**Part I Election To Expense Certain Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I

1 Maximum amount (see instructions)	1	500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	0
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	500,000
<b>6</b>		
(a) Description of property	(b) Cost (business use only)	(c) Elected cost
<b>7</b>		
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	0
9 Tentative deduction Enter the smaller of line 5 or line 8	9	0
10 Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	0
13 Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12	▶ 13	0

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)**

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15 Property subject to section 168(f)(1) election	15	
16 Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Do not include listed property) (See instructions.)**

**Section A**

17 MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	▶ <input type="checkbox"/>	

**Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19 a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
i Nonresidential real property			27 5 yrs	MM	S/L	
			39 yrs	MM	S/L	
				MM	S/L	

**Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System**

20 a Class life					S/L
b 12-year			12 yrs		S/L
c 40-year			40 yrs	MM	S/L

**Part IV Summary (See instructions)**

21 Listed property Enter amount from line 28	21	
22 Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instructions	22	17,805
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	▶ 23	

For Paperwork Reduction Act Notice, see separate instructions.

**Line 31 (990-T) - Net Operating Loss Carryover**

Carryover Period	Beginning Loss Period (M/D/YYYY)	Ending Loss Period (M/D/YYYY)	Amount of Net Operating Loss	Amount Used in Prior Years/ Carrybacks	Adjustment Under Sec 170(d)(2)(B)	Adjustments	Amount Available This Year	Amount Used This Year	Expiring Losses	Net Operating Loss Available for Carryover	Cumulative Unused Net Operating Loss
20th Preceding Period				0			0	0	0	0	0
19th Preceding Period				0			0	0	0	0	0
18th Preceding Period				0			0	0	0	0	0
17th Preceding Period				0			0	0	0	0	0
16th Preceding Period				0			0	0	0	0	0
15th Preceding Period				0			0	0	0	0	0
14th Preceding Period				0			0	0	0	0	0
13th Preceding Period				0			0	0	0	0	0
12th Preceding Period				0			0	0	0	0	0
11th Preceding Period				0			0	0	0	0	0
10th Preceding Period				0			0	0	0	0	0
9th Preceding Period				0			0	0	0	0	0
8th Preceding Period				0			0	0	0	0	0
7th Preceding Period				0			0	0	0	0	0
6th Preceding Period				0			0	0	0	0	0
5th Preceding Period				0			0	0	0	0	0
4th Preceding Period				0			0	0	0	0	0
3rd Preceding Period				0			0	0	0	0	0
2nd Preceding Period	1/1/2010	12/31/2010	12,979	0			12,979	0	0	12,979	12,979
1st Preceding Period	1/1/2011	12/31/2011	6,364	0			6,364	0	0	6,364	19,343
Current Period	1/1/2012	12/31/2012	11,513				11,513			11,513	30,856

Taxable Income Before Net Operating Loss: 0

Total Net Operating Loss Used This Year: 0

**List**

	<b>Description</b>	<b>Total</b>
1	INTEREST EXPENSE	10,532
2	MAINTENANCE & REPAIRS	8,007
3	UTILITIES	3,263
4	SECURITY	315
5	TAXES	9,918
	<b>Total</b>	<b>32,035</b>



**Worksheet 1 (8941) - Employee Information**

		Total:	2,600
(a) Individuals considered employees		(b) Hours of service	
1	MARTIN ESPINOSA		2,080
2	RENITA WEEMS		520

**Worksheet 1 (8941) - Employee Information**

(c) Wages paid	
1	
2	

**Worksheet 2 (8941) - Full-Time Equivalent Employees (FTEs)**

1	Enter the total employee hours of service from Worksheet 1, column (b)	1	2,600
2	Hours of service per FTE	2	2,080
3	Full-time equivalent employees Divide line 1 by line 2 If the result is not a whole number (0, 1, 2, etc ), generally round the result down to the next lowest whole number However, if the result is less than one, enter 1 Report this amount on Form 8941, line 2	3	1

**Worksheet 3 (8941) - Average Annual Wages**

1	Enter the total employee wages paid from Worksheet 1, column (c)	1	0
2	Enter FTEs from Worksheet 2, line 3	2	1
3	Average annual wages Divide line 1 by line 2 If the result is not a multiple of \$1,000 (\$1,000, \$2,000, \$3,000, etc ), round the result down to the next lowest multiple of \$1,000 Report this amount on Form 8941, line 3	3	0

**Worksheet 4 (8941) - Employee Information**

		Total:	20,991	11,520
(a) Enrolled individuals considered employees		(b) Employer premiums paid	(c) Employer state average premiums	
1	MARTIN ESPINOSA	20,991		
2				

**Worksheet 4 (8941) - Employee Information**

(d) Hours of service	
1	2,080
2	

**Worksheet 5 (8941) - FTE Limitation**

1	Enter the amount from Form 8941, line 7	1	2,880
2	Enter the amount from Form 8941, line 2	2	1
3	Subtract 10 from line 2	3	0
4	Divide line 3 by 15 Enter the result as a decimal (rounded to at least 3 places)	4	0.000
5	Multiply line 1 by line 4	5	0
6	Subtract line 5 from line 1 Report this amount on Form 8941, line 8	6	2,880

**Worksheet 6 (8941) - Average Annual Wage Limitation**

1	Enter the amount from Form 8941, line 8	1	2,880
2	Enter the amount from Form 8941, line 7	2	2,880
3	Enter the amount from Form 8941, line 3	3	0
4	Subtract \$25,000 from line 3	4	0
5	Divide line 4 by \$25,000 Enter the result as a decimal (rounded to at least 3 places)	5	0.000
6	Multiply line 2 by line 5	6	0
7	Subtract line 6 from line 1 Report this amount on Form 8941, line 9	7	2,880

**Worksheet 7 (8941) - FTEs Enrolled in Coverage**

1	Enter the total enrolled employee hours of service from Worksheet 4, column (d)	1	2,080
2	Hours of service per FTE	2	2,080
3	Divide line 1 by line 2 If the result is not a whole number (0, 1, 2, etc ), generally round the result down to the next lowest whole number However, if the result is less than one, enter 1 Report this amount on Form 8914, line 14	3	1